THE CALIFORNIA ECONOMIC OUTLOOK: AN IMPROVED POWER SITUATION HAS NOT OFFSET WEAKER FUNDAMENTALS AND THE UNCERTAINTY OF TERRORISM

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National Recession + Global Slowdown + Electricity Bills + Terrorism
= California Recession

The UCLA Anderson Forecast for California has been revised in significant ways during the past quarter, and even more importantly, since the last long-term projection appeared in California Policy Options 2001. This forecast sees greater weakness from the national recession and the global slump, but less coming from the electricity situation, which threatened the state's economy in 2001. The state's electricity problem is now in the process of being converted from a short-term crisis into a longer-term vexation which will nag us with a combination of higher energy prices, shakier public credit, bankrupt utilities, and fewer choices in how state revenues will be expended.

This chapter, completed during early September, does not incorporate specific assumptions regarding the state or national impact of the September 11, 2001 terrorist events. In the near term, there is evidence of specific industry shocks to revenues and employment in such sectors as transportation services, aircraft manufacturing, tourism and recreation services, and hospitality services. Some of these losses would have occurred as a result of the recession, which was already underway; others are attributable to terrorism.

Due to the nationwide scope of the economic damages, consisting of lost employment and output, a large federal package of fiscal stimulus measures is being implemented. It is not yet clear what will be the overall impact on both the timing and the magnitude of output and employment. While we remain convinced that recession will not be avoided, there is still a good chance that it will be relatively short for the nation and for California. But the range of uncertainty has been much expanded by the war on terrorism.

The Power Crisis Will Be Costly, but The Lights Will Stay On

It now appears that the state has escaped a severe economic impact of power shortages during 2001. Summer 2001 weather in California was unexpectedly mild. Electricity rate increases that took effect have been accompanied by conservation which exceeded most expectations. The state's economy weakened significantly, further reducing demand for electricity. The supply situation has been improved by the addition of new generating capacity. Changes at the Federal Energy Regulatory Commission (FERC) have worked in California's favor.

There will be an adequate supply of power, albeit a more expensive one, for California's tepid economy. The costs imposed on ratepayers by the state's Public Utilities Commission will reduce economic growth from what it otherwise would have been. These costs will total billions

of dollars annually, and will significantly reduce consumer and business spending for other goods and services.

Weak Global Economy Produces Deeper Slump in Demand for IT Equipment

California's high dependence on information technology became apparent by the second quarter of 2001. Exports from the state showed a significant decline in computer and electronic products that paralleled the decline in domestic sales as well as widespread layoffs in the IT sector of California's economy. Only mainland China remained as a fast-growing export market, and that nation accounted for only about 4% of California's exports of goods.

Although the weakness in Asia in 2001 was not as serious as in the 1997-1998 Asian financial crisis, it is part of a widening problem of global weakness that involves nearly all of the industrial nations. This weakness awaits the revival of major nations such as the United States, Germany, and dare we say, Japan. This turnaround will not happen quickly, but the process could begin with the revival of the United States in 2002.

Short-Term Industry and Macroeconomic Impacts

The UCLA Anderson Forecast continues to predict a recession for the nation and for California. Both personal income and gross state product show multi-quarter periods of decline through 2001. The duration of the downturn is likely to be short; growth could resume by mid 2002, strengthening in the second half of the year. After adjustment for inflation, personal income is expected to decline by -0.4% in 2002, and then to rise by 2.7% in 2003. The California unemployment rate, 4.9% in mid-2001, is expected to average 6.0% in 2002 and 2003, about the same as the national jobless rate during that period.

The service sector of California's economy experienced a substantial slowdown, showing only slight employment growth in 2001. The main change has been in the business services, which in 2001 showed the first decline in employment since 1981-1982 (and a period of no growth in 1990-1991). Many failed dot.com companies and their software providers were included in this category. An additional factor has been the slowdown in hiring of temporary workers, who are also included in business services. Nonetheless, predicted job growth for business services is 2.1% in 2002, and 4.6% in 2003.

Entertainment did not have a good year in the job market in 2001. The best news for the motion picture industry was the favorable resolution of labor-management issues which might have produced costly strikes. Industry hiring in California was weak in 2001. A resumption of employment growth in California is predicted for 2002 and 2003. The other major entertainment sector, amusements and recreation services, slowed due to weaker tourist expenditures, particularly in the San Francisco region and in Anaheim. But, we are predicting growth of amusements jobs of about 2% per annum in 2002-2003.

Net new jobs in construction slowed to about zero during the spring and summer months of 2001. A major drop in nonresidential building appeared to be the major cause of the hiring slowdown, although residential building permits also weakened, principally in the Bay Area. We believe that nonresidential building will take several years to revive, but that California housing

is still in short supply, which will support a continued increase in construction jobs beyond 2001. Forecasted employment gains are 1.9% for 2002, and 3.6% for 2003.

As is true for the nation, California's prospects for avoiding recession in 2001 and 2002 could rest with consumer spending. In 2001, the results were not encouraging. Taxable sales were down in real terms. New auto registrations in California were also down, and job growth at retail establishments was sluggish. An improved outlook for consumer spending in 2002 and 2003 is reflected in forecast real growth of 1.0% and 2.9% for taxable sales in those years.

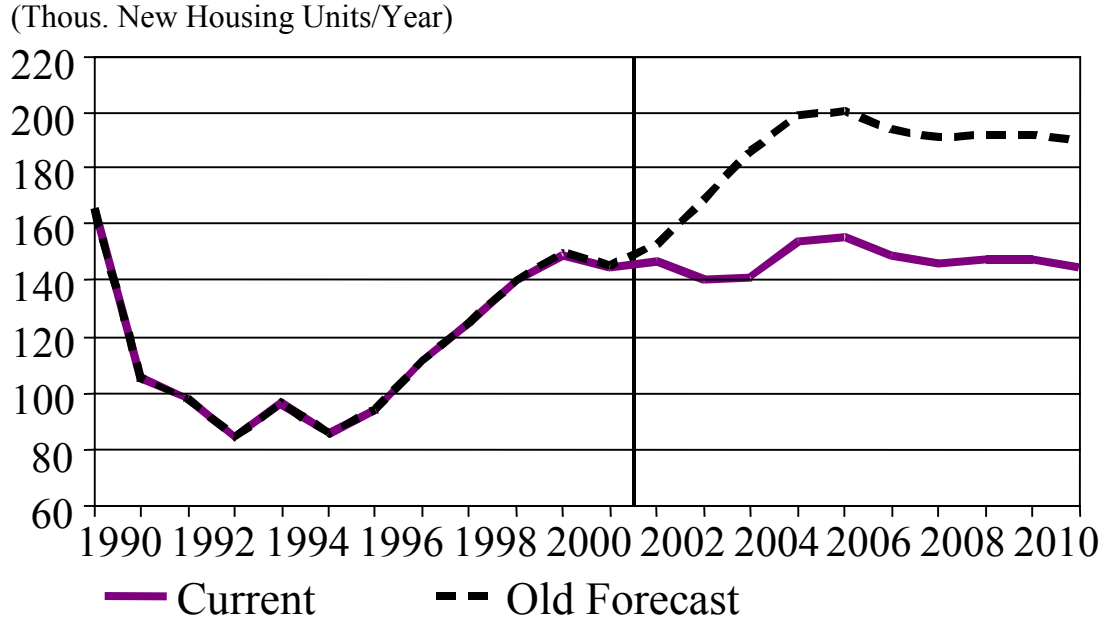
The Long-Term California Forecast:
Housing Affordability Has Worsened, and Will Restrain Future Growth

The accompanying series of charts illustrates our current forecast compared with the outlook of UCLA's Anderson Forecast (referred to as the "old" forecast) that appeared in California Policy Options 2001. Although the actual projections extend to 2020 and beyond, the charts have been truncated at 2010, since the projections follow trend values from that date onward. The long-term projections are summarized in Appendix Tables 1 and 2.

Until 2000, California experienced an unusual housing boom: weak production. Most of the preconditions for a boom were met: rapid growth in population, employment, incomes, and wealth (at least through the beginning of 2000), combined with low mortgage rates, willing lenders, and rising prices. What was missing was strong housing production, and this relative lack of new supply maintained an existing scarcity of affordable housing. In the summer of 2001, the median price of an existing single-family home in California was nearly 80% above the national median.

There was no lack of housing supply in the single-family market. But it consisted primarily of the resale of existing homes rather than new production. During 1996-2000, the average number of new and existing single family homes sold in California was about 5% larger than it was during the second half of the 1980s, which was a true housing boom. However, if multi-family units are added to the mix, the 1996-2000 "supply" of housing was 17% less, while employment (a rough measure of effective demand) rose more than 18% during the late 1980's - the comparison period.

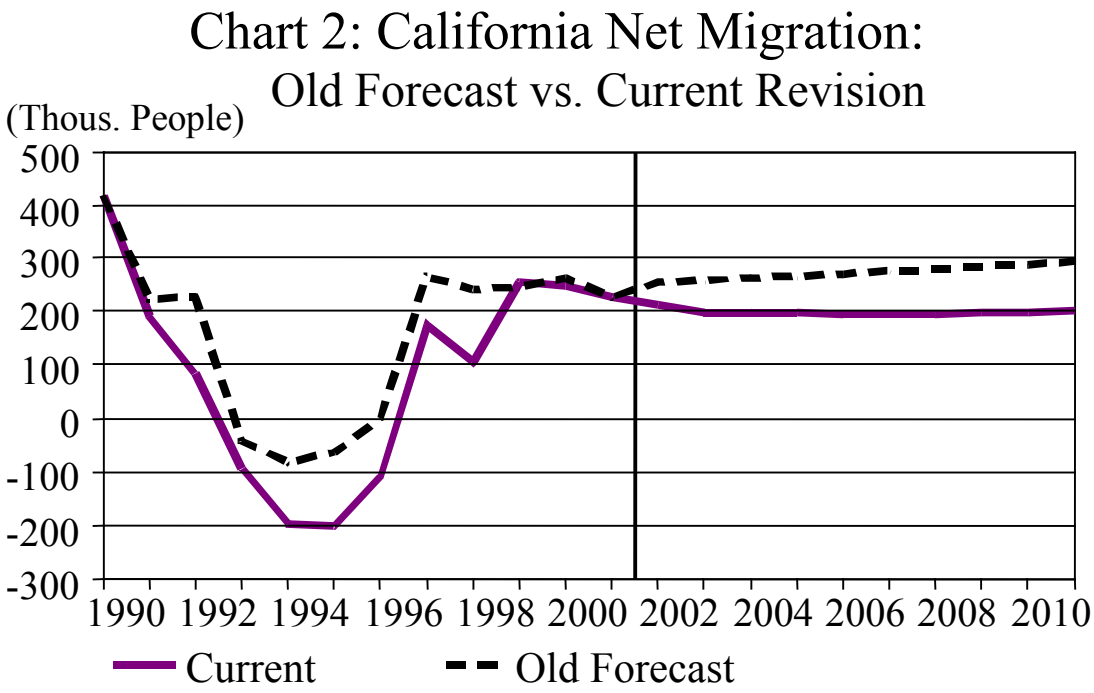
Chart 1: California Residential Building Permits: Old Forecast vs. Current Revision



The Meyers Group, in its publication *U.S. Housing Markets* dated August 6, 2001, noted that eight metropolitan areas of the nation exceeded the 10,000-unit single family permit level during the first half of 2001. This was not cause for celebration in California. The Riverside-San Bernardino metro area ranked only eighth. The top seven markets were Atlanta, Phoenix, Washington, D.C., Chicago, Dallas, Houston, and Las Vegas. Los Angeles ranked only fifth in multi-family permits, just behind Las Vegas.

In the short term, limited production of new housing leads to higher prices and rents, as well as increased housing "congestion" (persons per dwelling unit). In the longer term, adjustments may consist of a slowdown of net migration to California. There is a view among some demographers that such an adjustment has begun. Among the more surprising results of the 2000 Census released to date include data showing increased dispersion of the nation's Hispanic population since 1990, with larger-than-expected concentrations in places like Chicago and Atlanta. It is thought that some of these flows may reflect migration of Hispanic Californians of modest means seeking better jobs and affordable housing elsewhere in the United States.

As the real economy weakened in 2001, the Federal Reserve Board's interest rate cuts helped to boost residential construction in California to the highest level in a decade, which remained inadequate in terms of population pressures on the existing housing stock. Given the high price of housing (primarily land values) in California, and the well-documented obstacles to new residential development in the state, it is unlikely that new construction will rise much above current levels in the foreseeable future. This is part of the rationale for lowering the long-term population projection for the state, particularly the increase from net migration.



Population and Net Migration

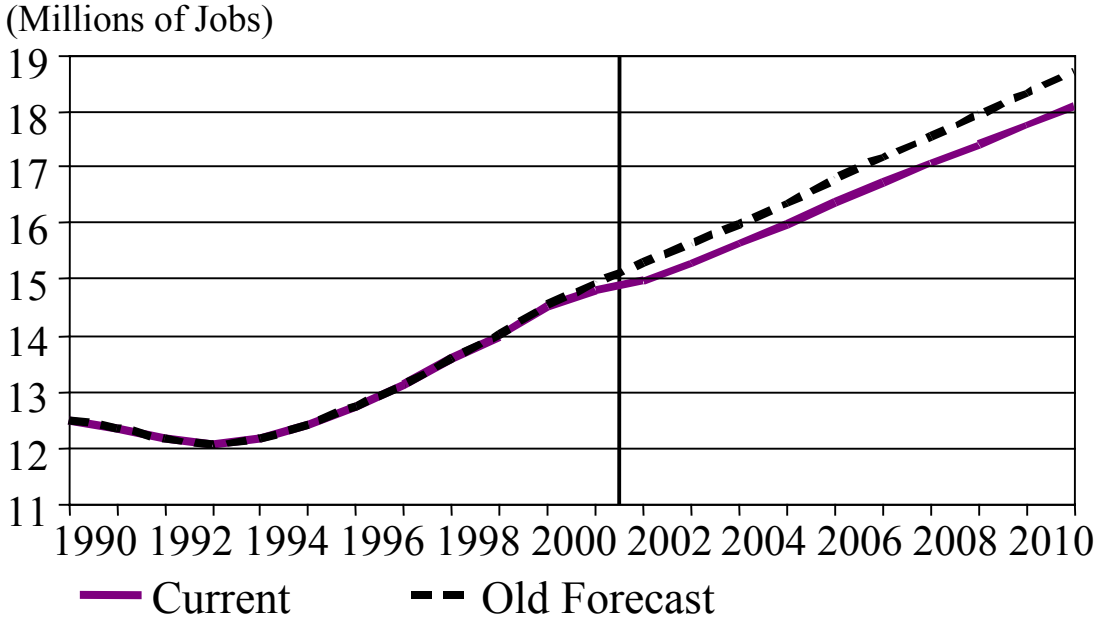
Population growth will average 1.4% per year from 2000-2020, compared with 1.2% during the period of 1990-2000, a decade in which California experienced net out-migration during the four years 1993 through 1996. These projections result in a 2020 California population of 45.6 million, which is 1.8 million less than last year's projection. The difference between the two projections is almost all due to lower projected net in-migration.

As shown in the Chart 2, data revisions recently published by the state Department of Finance show that California net migration, including both domestic and international components, was much more negative during the period of 1993-1996, and weaker during 1997-1998, than estimated earlier. The revised recent history was the basis for a weaker projection of net migration for the period of 2001-2020, averaging about 200,000 annually from 2001-2010, and 215,000 from 2010-2020. And the weaker trend of net migration to California largely accounts for slower population growth of 1.4% from 2001-2020, compared with 1.6% in the old forecast.

Employment and Unemployment

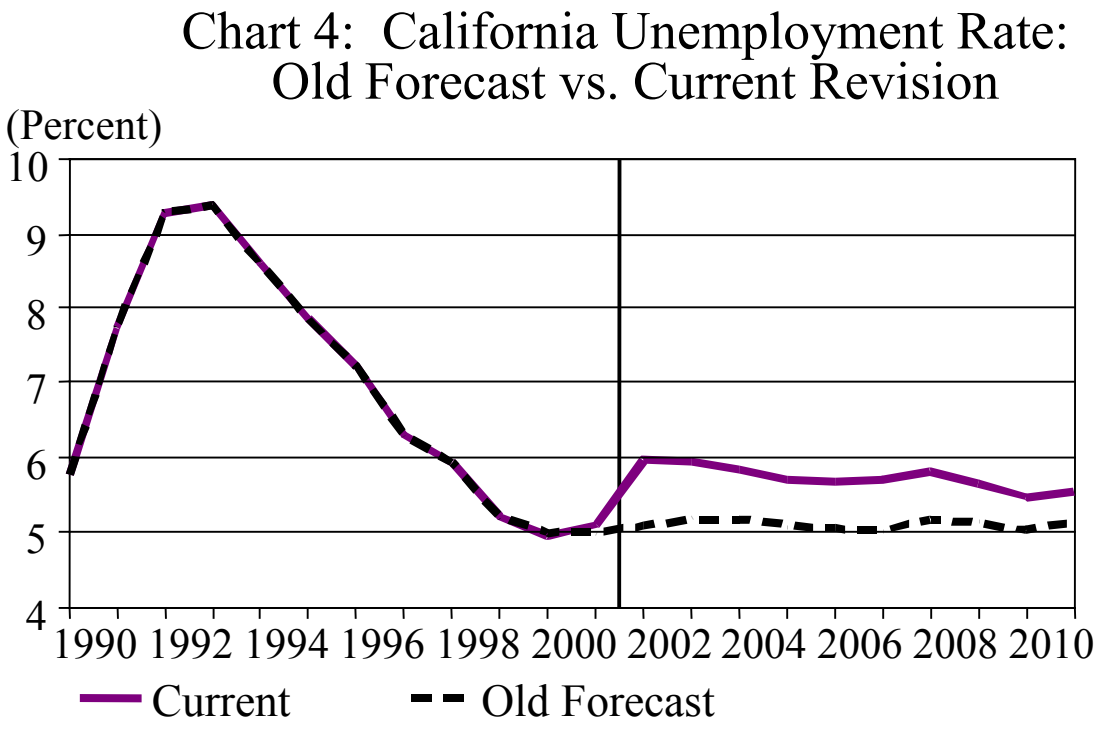
Nonfarm employment growth from 2000-2020 is 1.8% per year, down 0.2% from the old forecast, consistent with the lower growth trend in population and net migration. Similar growth will be shown by household employment.

Chart 3: California Nonfarm Employment: Old Forecast vs. Current Revision



Employment growth in this projection is already showing a slower pace than in the old forecast, with a recession developing in the period beginning in the second half of 2001. The slower job growth is particularly concentrated in the services, which account for nearly three-fourths of the overall revision in the forecast for nonfarm employment. The recession beginning in 2001 in California was centered in the information technology sector (primarily service-producing rather than goods-producing), which accounted for much of the downward revision in jobs through its impact on related industries. If that seems difficult to grasp, consider the following: dot.coms are (were) primarily service providers, with average annual compensation per employee of nearly $100,000.

Given a weaker predicted growth of employment in current long-term projections, the jobless rate will remain above 5% through 2020. This result is not simply due to arithmetic (labor force grows faster than employment, therefore the unemployment rate must increase), but also reflects a more cautious attitude toward the economy's capacity to maintain full employment (of say, 5%) with moderate inflation. Again, the dot.coms have played a role in our thinking.



Personal Income and Taxable Sales

The period 2001-2005 will likely show lower growth rates of personal income than the old forecast. This performance reflects lower job growth and significantly less importance of incentive compensation (stock options and bonuses) than in recent years. Real taxable sales in California declined in 2001 and will experience only a modest gain in 2002, the result of both weak job gains and a negative wealth effect on consumer spending. Some rebound is projected as the state's economy gains strength, particularly in 2005 and beyond.

Conclusion

The California economy was already in difficulty before the terrorist attacks of September 11, 2001. But these attacks have increased uncertainty and added to short-term economic weakness. California's housing constraint also was a problem before the attacks. And it remains as a limiting factor- along with high electricity costs- on long-term state economic growth.

Appendix Table 1. Summary of the UCLA Forecast for California: History

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Personal Income, Taxable Sales, and Price Inflation (%Change)										
Personal Income (Bil.$)	669.8	701.6	714.1	735.1	771.5	812.4	862.1	923.8	989.6	1093.2
Calif. (% Ch)	2.2	4.7	1.8	2.9	4.9	5.3	6.1	7.1	7.1	10.5
U.S.(% Ch)	3.7	6.0	4.1	5.0	5.3	5.6	6.0	7.1	4.7	6.9
Pers. Income (Bil. 96$)	729.5	740.3	736.1	751.2	779.9	812.3	849.3	894.1	934.1	1004.7
Calif. (% Ch)	-1.3	1.5	-0.6	2.0	3.8	4.2	4.6	5.3	4.5	7.6
U.S. (% Ch)	-0.1	2.9	1.7	2.9	3.0	3.4	3.9	5.9	3.0	4.2
Taxable Sales (Bil.$)	270.8	272.4	272.1	285.9	300.7	321.0	340.8	358.6	394.2	438.9
(% Ch)	-3.9	0.6	-0.1	5.1	5.2	6.7	6.2	5.2	9.9	11.3
(Bil. 96$)	294.9	287.4	280.5	292.1	304.0	321.0	335.8	347.1	372.1	403.4
(% Ch)	-7.2	-2.5	-2.4	4.1	4.1	5.6	4.6	3.4	7.2	8.4
Consumer Prices (% Ch)	4.2	3.5	2.6	1.4	1.7	2.0	2.2	2.0	2.9	3.7
Employment and Labor Force (Household Survey, % Change)										
Employment	-2.2	-0.2	-0.5	1.2	0.5	1.8	3.9	2.8	2.4	3.3
Labor Force	-0.2	1.5	-0.4	0.4	-0.3	1.1	2.8	2.4	1.6	3.0
Unemployment Rate (%)	7.7	9.3	9.4	8.6	7.8	7.2	6.3	5.9	5.2	4.9
U.S.	6.8	7.5	6.9	6.1	5.6	5.4	4.9	4.5	4.2	4.0
Total Nonfarm Nonfarm Employment (Payroll Survey, % Change)										
Calif.	-1.1	-1.7	-0.9	0.9	2.2	2.6	3.0	3.6	2.9	3.7
U.S.	-1.1	0.3	1.9	3.1	2.7	2.0	2.6	2.6	2.4	2.2
Mining	-1.9	-4.3	-1.4	-8.5	-6.0	-2.7	-0.6	-13.3	-6.7	0.9
Construction	-8.5	-8.2	-5.6	4.2	4.5	4.3	8.7	11.1	11.4	7.4
Manufacturing	-4.7	-4.1	-4.5	-1.6	1.0	3.2	3.4	1.9	-1.4	1.2
Nondurable Goods	-1.2	0.9	-1.9	0.5	0.9	1.1	1.6	-0.2	-0.3	0.7
Durable Goods	-6.5	-6.8	-6.1	-2.8	1.0	4.6	4.5	3.2	-2.1	1.5
High Technology	-5.6	-8.4	-9.8	-8.2	-1.1	4.4	4.3	2.4	-4.0	1.1
Trans. & Public Util.	0.2	-1.0	0.5	1.4	1.8	1.8	3.4	4.8	3.4	3.0
Trade	-2.3	-3.0	-0.8	1.2	2.5	2.0	2.5	2.5	2.5	3.2
Finance, Ins. & R.E.	-1.1	-0.9	0.3	-3.0	-5.0	0.7	2.9	5.4	2.2	0.4
Services	2.1	0.4	1.1	2.8	4.8	4.3	3.5	4.9	3.9	5.4
Federal Gov't	-4.0	-0.5	-2.8	-3.4	-4.0	-5.1	-3.8	-4.2	-0.9	1.6
State and Local Gov't	1.8	0.4	-0.3	1.4	1.5	1.3	2.1	2.0	4.0	3.9
Nonfarm Employment (Payroll Survey, Thous.)										
Total Nonfarm	12359	12153	12045	12159	12421	12743	13129	13595	13991	14512
Mining	37	35	35	32	30	29	29	25	23	24

Construction	514	472	446	464	485	506	550	611	680
731									
Manufacturing	1971	1891	1805	1777	1794	1852	1914	1951	1923
1946									
Nondurable Goods	702	708	695	698	705	712	724	722	720
726									
Durable Goods	1269	1182	1110	1079	1090	1139	1190	1229	1203
1221									
High Technology	638	584	527	484	479	500	521	534	512
518									
Trans. & Public Util.	613	607	611	619	630	642	664	695	719
741									
Trade	2922	2835	2812	2845	2915	2974	3048	3123	3201
3304									
Finance, Ins. & R.E.	799	792	794	771	732	737	758	799	817
821									
Services	3411	3426	3462	3558	3728	3890	4025	4224	4387
4624									
Federal Gov't	347	346	336	325	312	296	285	273	270
274									
State and Local Gov't	1743	1750	1744	1768	1795	1817	1856	1894	1969
2047									
Population and Migration									
Net Inmigration(Thous)	190	84	-95	-197	-201	-109	175	106	254
246									
Population (Thous)	31263	31791	32137	32333	32470	32637	33046	33461	33965
34512									
(% Ch)	2.1	1.7	1.1	0.6	0.4	0.5	1.3	1.3	1.5
1.6									
Construction Activity and Home Values									
Residential Building									
Permits (Thous. Un.)	105	98	84	96	86	94	112	125	140
149									
Home Values-LA Co (% Ch)	-3.6	-2.4	-8.2	-6.8	-4.4	2.4	2.9	8.1	6.1
6.2									
Nonres.Const. (Mil. 96$)	11067	9355	8383	8444	8360	9610	11736	13810	15070
16239									

Appendix Table 2. Summary of the UCLA Forecast for California: Projections

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Personal Income, Taxable Sales, and Price Inflation (%Change)										
Personal Income (Bil.$)	1140.6	1172.1	1236.6	1314.2	1396.9	1487.6	1578.6	1683.4	1793.7	1908.4
Calif. (% Ch)	4.3	2.8	5.5	6.3	6.3	6.5	6.1	6.6	6.6	6.4
U.S.(% Ch)	5.0	4.1	5.8	7.0	6.8	6.5	5.7	5.7	5.3	5.5
Pers. Income (Bil. 96$)	1011.6	1007.9	1035.5	1073.7	1111.7	1155.7	1196.4	1247.4	1286.6	1328.9
Calif. (% Ch)	0.7	-0.4	2.7	3.7	3.5	4.0	3.5	4.3	3.1	3.3
U.S. (% Ch)	2.7	1.2	2.5	3.9	4.1	3.5	2.8	3.0	2.8	3.1
Taxable Sales (Bil.$)	444.4	462.8	488.9	518.4	549.5	584.0	619.0	658.8	701.7	749.5
(% Ch)	1.3	4.1	5.6	6.0	6.0	6.3	6.0	6.4	6.5	6.8
(Bil. 96$)	394.1	398.0	409.4	423.6	437.3	453.7	469.2	488.2	503.3	521.9
(% Ch)	-2.3	1.0	2.9	3.5	3.2	3.8	3.4	4.1	3.1	3.7
Consumer Prices (% Ch)	4.6	3.0	2.5	2.5	2.6	2.5	2.4	2.4	2.4	2.6
Employment and Labor Force (Household Survey, % Change)										
Employment	1.7	1.2	2.2	2.4	2.2	2.4	2.2	1.9	2.0	1.9
Labor Force	1.8	2.1	2.2	2.2	2.1	2.3	2.2	2.0	1.8	1.7
Unemployment Rate (%)	5.1	6.0	6.0	5.8	5.7	5.7	5.7	5.8	5.7	5.5
U.S.	4.7	6.1	6.0	5.5	5.7	5.7	5.9	6.0	5.8	5.9
Total Nonfarm Nonfarm Employment (Payroll Survey, % Change)										
Calif.	2.1	1.0	2.1	2.3	2.2	2.5	2.2	2.0	2.1	2.0
U.S.	0.4	0.2	1.2	2.0	1.0	0.9	0.9	1.3	0.7	1.1
Mining	4.2	0.1	1.4	2.0	1.3	0.4	0.4	0.5	0.3	-0.3
Construction	6.0	1.9	3.6	1.6	1.2	1.9	0.9	0.3	0.2	0.2
Manufacturing	-0.3	-1.1	0.7	1.2	0.7	0.6	0.5	0.5	0.3	0.2
Nondurable Goods	-1.1	0.8	1.6	0.8	0.2	0.3	0.3	0.2	0.1	0.1
Durable Goods	0.1	-2.2	0.1	1.5	1.0	0.7	0.7	0.7	0.5	0.3
High Technology	0.6	-1.6	2.9	2.1	0.9	0.6	1.0	1.1	0.8	0.8
Trans. & Public Util.	1.4	0.9	1.5	1.0	1.1	2.3	1.8	1.5	1.7	1.9
Trade	2.2	1.0	2.2	2.0	2.2	2.5	2.0	2.0	2.2	1.9
Finance, Ins. & R.E.	2.4	0.8	0.9	1.5	1.6	2.4	2.7	2.4	2.4	2.5
Services	2.4	1.6	2.9	3.6	3.5	3.7	3.4	3.0	3.2	3.1
Federal Gov't	-7.3	-2.2	1.1	2.3	2.0	1.7	1.5	1.4	1.4	1.0
State and Local Gov't	3.2	2.0	2.1	1.7	1.6	1.6	1.5	1.6	1.7	1.6
Nonfarm Employment (Payroll Survey, Thous.)										
Total Nonfarm	14811	14965	15286	15635	15979	16372	16728	17062	17424	17776
Mining	25	25	25	26	26	26	26	26	26	26

Construction	775	790	818	831	842	858	865	868	869
871									
Manufacturing	1940	1918	1931	1955	1968	1979	1990	2000	2007
2012									
Nondurable Goods	718	724	735	741	742	744	747	748	749
749									
Durable Goods	1222	1195	1196	1214	1226	1235	1243	1252	1258
1262									
High Technology	521	513	527	539	543	547	552	558	563
567									
Trans. & Public Util.	751	758	769	777	786	804	818	830	845
860									
Trade	3377	3411	3485	3555	3631	3721	3797	3872	3956
4031									
Finance, Ins. & R.E.	840	847	854	867	880	902	926	948	970
995									
Services	4736	4812	4951	5130	5311	5508	5692	5862	6051
6240									
Federal Gov't	254	249	251	257	262	267	271	274	278
281									
State and Local Gov't	2113	2155	2199	2237	2273	2308	2343	2381	2422
2460									
Population and Migration									
Net Inmigration(Thous)	228	213	198	197	197	196	194	193	196
199									
Population (Thous)	35049	35576	36090	36604	37122	37644	38168	38696	39231
39772									
(% Ch)	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4
1.4									
Construction Activity and Home Values									
Residential Building									
Permits (Thous. Un.)	145	146	140	141	154	155	149	146	147
147									
Home Values-LA Co (% Ch)	6.7	3.4	3.5	3.5	2.9	4.3	4.8	4.2	3.8
3.7									
Nonres.Const. (Mil. 96$)	14768	12478	11545	12034	12603	12974	13210	13485	13733
13969									

Appendix Table 2. Summary of the UCLA Forecast for California: Projections-continued

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personal Income, Taxable Sales, and Price Inflation (%Change)										
Personal Income (Bil.$)	2024.7	2140.8	2262.6	2392.0	2530.3	2678.5	2833.7	3012.4	3210.4	3397.9
Calif. (% Ch)	6.1	5.7	5.7	5.7	5.8	5.9	5.8	6.3	6.6	5.8
U.S.(% Ch)	5.6	5.7	5.7	5.6	5.6	5.5	5.6	5.5	5.6	5.5
Pers. Income (Bil. 96$)	1367.6	1401.5	1434.4	1470.4	1506.8	1544.9	1583.1	1632.3	1688.3	1731.6
Calif. (% Ch)	2.9	2.5	2.4	2.5	2.5	2.5	2.5	3.1	3.4	2.6
U.S. (% Ch)	3.3	3.4	3.3	3.1	3.1	3.1	3.2	3.2	3.2	3.2
Taxable Sales (Bil.$)	802.5	854.6	909.3	965.8	1025.2	1091.7	1161.3	1233.3	1307.4	1382.0
(% Ch)	7.1	6.5	6.4	6.2	6.1	6.5	6.4	6.2	6.0	5.7
(Bil. 96$)	542.0	559.5	576.4	593.7	610.5	629.6	648.8	668.3	687.6	704.3
(% Ch)	3.9	3.2	3.0	3.0	2.8	3.1	3.0	3.0	2.9	2.4
Consumer Prices (% Ch)	2.6	2.7	2.7	2.6	2.5	2.6	2.7	2.6	2.5	2.4
Employment and Labor Force (Household Survey, % Change)										
Employment	1.8	1.6	1.6	1.4	1.5	1.6	1.6	1.7	1.6	1.4
Labor Force	1.9	1.7	1.3	1.4	1.5	1.5	1.7	1.5	1.6	1.4
Unemployment Rate (%)	5.5	5.7	5.5	5.4	5.4	5.3	5.4	5.2	5.2	5.2
U.S.	5.4	5.5	5.6	5.4	5.4	5.3	5.1	5.3	5.2	5.0
Total Nonfarm Nonfarm Employment (Payroll Survey, % Change)										
Calif.	1.9	1.6	1.5	1.4	1.5	1.5	1.6	1.7	1.5	1.4
U.S.	1.3	0.9	0.9	1.1	0.9	0.9	1.0	1.0	1.0	1.0
Mining	-0.3	-0.5	-0.4	-0.3	-0.1	-0.3	-1.1	-1.3	-0.9	0.0
Construction	0.3	0.2	0.2	0.3	0.3	0.3	0.4	0.5	0.2	0.1
Manufacturing	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.1
Nondurable Goods	0.1	0.1	0.2	0.3	0.3	0.3	0.3	0.2	0.2	0.4
Durable Goods	0.1	0.1	0.2	0.1	0.1	0.1	0.0	-0.0	-0.1	-0.0
High Technology	0.2	0.2	0.2	0.2	0.2	0.0	0.1	0.1	0.0	0.0
Trans. & Public Util.	1.9	1.4	1.1	1.1	1.2	1.2	1.2	1.7	1.9	1.3
Trade	1.7	1.5	1.5	1.4	1.3	1.4	1.4	1.5	1.4	1.1
Finance, Ins. & R.E.	2.8	2.4	2.0	1.6	1.6	1.9	1.8	1.9	2.0	1.6
Services	2.9	2.4	2.0	1.9	2.2	2.2	2.3	2.5	2.1	2.0
Federal Gov't	1.1	1.2	1.1	1.0	1.1	1.1	1.1	0.8	0.8	0.8
State and Local Gov't	1.4	1.4	1.5	1.4	1.5	1.6	1.5	1.6	1.5	1.4
Nonfarm Employment (Payroll Survey, Thous.)										

Total Nonfarm	18114	18407	18681	18941	19224	19520	19823	20156	20466
20746									
Mining	26	26	26	26	26	26	25	25	25
25									
Construction	874	875	877	879	882	885	888	893	895
896									
Manufacturing	2013	2015	2018	2022	2025	2028	2031	2032	2032
2035									
Nondurable Goods	750	751	752	754	756	758	760	762	764
767									
Durable Goods	1263	1264	1266	1268	1269	1270	1270	1270	1268
1268									
High Technology	568	569	571	572	573	573	573	574	574
574									
Trans. & Public Util.	877	890	900	909	920	931	943	959	976
989									
Trade	4101	4162	4225	4286	4343	4402	4461	4528	4591
4640									
Finance, Ins. & R.E.	1022	1047	1068	1085	1102	1123	1143	1165	1188
1207									
Services	6423	6576	6710	6839	6986	7140	7301	7481	7640
7794									
Federal Gov't	284	287	290	294	297	300	303	306	308
310									
State and Local Gov't	2494	2529	2567	2602	2642	2685	2727	2769	2810
2850									
Population and Migration									
Net Inmigration(Thous)	201	204	207	210	213	216	219	222	225
228									
Population (Thous)	40322	40878	41443	42015	42596	43184	43780	44385	44999
45620									
(% Ch)	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
1.4									
Construction Activity and Home Values									
Residential Building									
Permits (Thous. Un.)	145	144	144	143	144	146	147	148	149
152									
Home Values-LA Co (% Ch)	3.6	3.6	3.8	3.7	3.9	3.8	4.0	4.1	3.5
3.4									
Nonres.Const. (Mil. 96$)	14225	14477	14749	15015	15321	15631	15928	16209	16517
16835									